

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 PA-01 ACDA-12 NRC-05 SOE-02 AID-05
CEA-01 CIAE-00 COME-00 DODE-00 EB-08 H-01 INR-10
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11
OES-07 SP-02 SS-15 STR-07 TRSE-00 /119 W
-----044268 081854Z /45

R 081701Z MAY 78
FM AMEMBASSY ROME
TO SECSTATE WASHDC 2592
DEPT OF ENERGY WASHDC
INFO AMCONSUL GENOA
AMCONSUL MILAN
AMCONSUL PALERMO

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EO 11652: NA
TAGS: TECH, ENRG, IT
SUBJ: VISIT OF DEPUTY SECRETARY OF ENERGY O'LEARY

REF: (A) ROME 7049, (B) ROME 8235

1. EMBASSY HAS BEEN ADVISED BY MINISTRY OF INDUSTRY AND
COMMERCE OF FOLLOWING SCHEDULE FOR JUNE 15 OPENING OF
GENOA SOLAR ENERGY EXHIBITION AND PARTICIPATION BY
DEPUTY SECRETARY:

0930 OPENING CEREMONY
1000 SPEECH BY ITALIAN MINISTER OF INDUSTRY AND
COMMERCE DONAT-CATTIN
1030 SPEECH BY EC ENERGY COMMISSIONER BRUNNER
1100 SPEECH BY DEPUTY SECRETARY O'LEARY
1130 SPEECH BY AS YET UN-NAMED REPRESENTATIVE OF THE
"MEDITERRANEAN REGION"

2. AS INDICATED REF A, WE BELIEVE IT WOULD BE VERY USEFUL FOR
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DEPUTY SECRETARY O'LEARY TO SPEND SOME ADDITIONAL TIME
WITH ITALIAN OFFICIALS FOR DISCUSSIONS ON ENERGY QUES-
TIONS. KEY OFFICIALS FOR MR. O'LEARY TO MEET WOULD BE AS
FOLLOWS: MINISTER CARLO DONAT-CATTIN; PROF. GIUSEPPE
AMMASSARI, DIRECTOR GENERAL OF ENERGY SOURCES AND
PRIMARY INDUSTRY, MINISTRY OF INDUSTRY AND COMMERCE,
WHO IS PROBABLY SINGLE MOST IMPORTANT CIVIL SERVANT

IN ENERGY FIELD; MINISTER ALBERTO RAMASSO VALACCA, ENERGY COORDINATOR, MINISTER OF FOREIGN AFFAIRS, WHO, ALTHOUGH NEW IN JOB, PLAYS IMPORTANT COORDINATING ROLE IN INTERNATIONAL ASPECTS OF ITALIAN ENERGY POLICY AND CHAIRS BILATERAL ENERGY WORKING GROUP (EWG); PROF. ARNOLDO MARIA ANGELINI, PRESIDENT OF ENEL (STATE ELECTRICAL AGENCY); AVV. PIERO SETTE, PRESIDENT, ENI; PROG. ALDO CLEMENTEL, PRESIDENT CNEN (NATIONAL NUCLEAR ENERGY COMMITTEE); DR. FRANCO VIEZZO, PRESIDENT OF FINMECCANICA, STATE HOLDING COMPANY CONTROLLING STATE MANUFACTURING ENTERPRISES IN THE ENERGY FIELD.

3. THERE ARE THREE ALTERNATIVES FOR TIMING AND SITE OF THESE DISCUSSIONS:

(A) GENOA DURING PERIOD JUNE 15-17, WHEN AT LEAST SOME OF ABOVE-NAMED OFFICIALS, INCLUDING DONAT-CATTIN AND AMMASSARI, WILL BE IN GENOA AND PRESUMABLY WILL HAVE TIME ASIDE FROM THEIR OTHER OBLIGATIONS AT THE EXHIBITION.

(B) ROME ON JUNE 13 AND/OR 14.

(C) ASSUMING THAT MR. O'LEARY CAN REMAIN IN ITALY, ROME ON JUNE 19 AND/OR 20. SINCE ALL OFFICIALS LISTED IN PARA 2 ARE BASED IN ROME, MORE ARE LIKELY TO BE AVAILABLE HERE THAN IN GENOA.

4. WITH RESPECT TO SUBSTANCE OF DISCUSSIONS WITH LIMITED OFFICIAL USE

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ITALIAN OFFICIALS, WE RECOMMEND THE FOLLOWING:

(A) FIRST, ITALIANS WOULD UNDOUBTEDLY APPRECIATE UP-TO-DATE DESCRIPTION OF U.S. ENERGY SITUATION AND OUTLOOK, INCLUDING REPORT ON STATUS AND SIGNIFICANCE OF U.S. ENERGY LEGISLATION.

(B) THEN, MR. O'LEARY SHOULD BE PREPARED TO DISCUSS U.S. VIEWS ON INTERNATIONAL ENERGY COOPERATION, PARTICULARLY WITH A VIEW TO THE FUTURE, FOCUSING NATURALLY ON IEA AND, AS APPROPRIATE, INFCE.

(C) FINALLY, WE WOULD DESIRE DETAILED REVIEW WITH ITALIANS OF SITUATION AND OUTLOOK FOR WORK ON BILATERAL ENERGY COOPERATION IN EWG FRAMEWORK. MR. O'LEARY'S VISIT WILL PROVIDE FOCAL POINT FOR ASSESSING PROGRESS ON THE MANY OUTSTANDING ISSUES. IN THIS CONNECTION WE SHOULD BEAR IN MIND THAT ITALIANS CONTINUE TO BE VERY INTERESTED IN ASSURING SOURCE OF SUPPLY FOR NATURAL URANIUM, NOT ENRICHED URANIUM, AND ACCORDINGLY THEY WILL PROBABLY RAISE THIS DURING TALKS. THEY MAY ALSO RAISE THE ISSUE OF ITALIAN ACCESS TO U.S. REPROCESSING TECHNOLOGY AND THE STILL-PENDING DOE-ENEL AGREEMENT THAT INCLUDES COOPERATION ON FAST BREEDER REACTORS FROM THE POINT OF VIEW OF REACTOR OPERATORS.

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5. AS WE SEE SITUATION, STATUS OF VARIOUS NON-
NUCLEAR AREAS FOR POSSIBLE COOPERATION IS AS FOLLOWS:

(A) SOLAR

THE ITALIANS ARE DEVELOPING THEIR PROPOSAL FOR
SOLAR COOPERATION AS AGREED DURING FOREIGN MINISTRY
ENERGY EXPERT SIMONI'S TALKS AT DOE IN EARLY APRIL. WE
EXPECT THE NEW VERSION OF THESE PROPOSALS, WHICH SIMONI
HOPES TO TRANSMIT BEFORE THE END OF MAY, TO INCLUDE
A STRONGER BID FOR COOPERATION ON PHOTOVOLTAICS, A
PROPOSAL FOR BILATERAL COLLABORATION ON RURAL SOLAR
DEMONSTRATION PROJECT FOR SOUTHERN ITALY, AND A PROPOSAL
FOR ENI RELATED TO ITS WORK ON A 5MW SOLAR-ASSISTED
GAS TURBINE (DEPUTY ASSISTANT SECRETARY BORRE' DIS-
CUSSED THIS PROJECT DURING HIS RECENT TRIP TO ITALY).
THE ITALIANS ARE ALSO PLANNING A TRIP BY SOLAR ENERGY
EXPERTS TO THE U.S. BEFORE THE END OF JULY; THE GROUP
WILL VISIT RESEARCH INSTITUTIONS. IN THE MEANWHILE,
WE ARE ALSO TRYING TO GET A BETTER IDEA OF THE
COMMERCIAL SOLAR OPPORTUNITIES IN ITALY. A DOE-
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CONTRACTED STUDY TEAM CONCERNED WITH COMMERCIAL OPPORTUNITIES WILL BE VISITING ITALY IN MID-JUNE, IN PART OVERLAPPING WITH MR. O'LEARY'S VISIT. THIS DOE-SPONSORED EFFORT WILL BUILD ON A MILAN TRADE CENTER "QUICK STUDY" OF THE ITALIAN SOLAR MARKET.

(B) COAL

IT IS NOW AGREED IN ITALY AND THE U.S. THAT THERE ARE NO MAJOR OPPORTUNITIES FOR BILATERAL COOPERATION IN COAL-RELATED RESEARCH LARGELY BECAUSE THIS FIELD IS VERY WEAK IN ITALY. THERE MAY, HOWEVER, BE DEMONSTRATION AND/OR COMMERCIAL OPPORTUNITIES. THE ITALIANS ARE DETERMINED TO UTILIZE THEIR HIGH-SULFUR, HIGH-ASH, LOW-HEAT CONTENT SARDINIAN COAL. SIMILAR COAL EXISTS ELSEWHERE IN THE MEDITERRANEAN BASIN. A COAL COMBUSTION OR GASIFICATION PROJECT UTILIZING U.S. TECHNOLOGY ON SARDINIAN COAL MIGHT HAVE A SUBSTANTIAL AND BROAD IMPACT. THIS "CRUMMY COAL" DEMONSTRATION PROJECT HAS BEEN DISCUSSED INFORMALLY IN DOE, BUT THERE IS NO FORMAL PROPOSAL FROM EITHER SIDE.

(CONSERVATION AND BIOMASS FUEL)

TALK HAS ONLY JUST BEGUN INFORMALLY ON POSSIBLE RESEARCH AND DEVELOPMENT COOPERATION IN THESE AREAS, WHERE WE BELIEVE THERE MAY BE SOME CONCRETE PROJECTS OF MUTUAL INTEREST. THE ITALIANS, HOWEVER, WANT TO DEAL WITH WHAT IS ON THE PLATE ALREADY BEFORE MOVING INTO MORE SERIOUS DISCUSSIONS IN NEW AREAS.

(D) MEZZOGIORNO PROJECTS

THE IDEA OF U.S. COOPERATION IN ENERGY PROJECTS IN ITALY'S RELATIVELY POOR SOUTH IS OFTEN RAISED INFORMALLY ON BOTH SIDES. THE ITALIANS BELIEVE U.S. COOPERATION IN A SOLAR PROJECT WOULD BE IDEAL, BUT THEY HAVE YET TO COME UP WITH AN ATTRACTIVE PROPOSAL. IN THE MEANWHILE, NEW YORK POLYTECHNIC HAS LIMITED OFFICIAL USE

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BEEN TALKING PRIVATELY WITH THE CASSA PER IL MEZZOGIORNO (DEVELOPMENT FUND FOR THE SOUTH) ABOUT TWO POSSIBLE PROJECTS: A) A STUDY, IN COOPERATION WITH BROOKLYN UNION GAS, OF THE ECONOMIC IMPACT OF ALTERNATIVE USES OF THE GAS FROM THE TO BE CONSTRUCTED TRANS-MEDITERRANEAN PIPELINE; B) A STUDY OF USE OF RENEWABLE ENERGY TECHNOLOGIES IN THE SOUTH. AS PRESENTLY FORMULATED, WE BELIEVE THESE PROPOSALS ARE NOT REFINED NOT SUFFICIENTLY WELL THOUGHT OUT, AND WE ALSO BELIEVE THAT THE INITIAL ENTHUSIASMS OF THE PRESIDENT OF THE CASSA (SERVIDIO) WILL WANE RAPIDLY AS HIS STAFF RESPONDS TO WHAT THEY REGARD AS OVER-AMBITIOUS PROPOSALS BY NEW YORK POLYTECHNIC. HOWEVER, WE BELIEVE IT MAY BE POSSIBLE TO MAKE SOMETHING PRACTICAL OF THE NEW YORK POLY INITIATIVE AND WE PROPOSE TO ASSIST A DELEGATION FROM NEW YORK POLY THAT WILL VISIT HERE

IN LATE MAY AND EARLY JUNE TO MEET WITH POTENTIAL
ITALIAN TECHNICAL COUNTERPARTS.

(E) GEOTHERMAL

GOOD PROGRESS IS BEING MADE IN OUR WELL-ESTABLISHED
BILATERAL GEOTHERMAL COOPERATION. IN ADDITION, AN ITALIAN
EXPERT GROUP WILL VISIT THE U.S. IN LATE MAY TO
SEE A 5 MW HELICAL SCREW GENERATOR AND A HEAT EXCHANGER
THAT DOE HAS OFFERED THROUGH THE IEA FOR TESTING IN
OTHER COUNTRIES. THE ITALIANS ARE CLEARLY LEANING
TOWARD ACCEPTING THIS OFFER.

6. AMERICAN CHAMBER OF COMMERCE IN ITALY, ROME BRANCH,
HAS EXPRESSED STRONG INTEREST IN HAVING MR. O'LEARY
SPEAK AT THE JUNE LUNCHEON MEETING. DATE OF SPEECH
COULD PRESUMABLY BE SELECTED TO SUIT MR. O'LEARY'S
CONVENIENCE. EMBASSY HOPES MR. O'LEARY WILL BE ABLE
TO ACCPET INVITATION, IF TIME PERMITS. ACTION REUQUESTED:
REQUEST EARLY RESPONSE SINCE CHAMBER NEEDS CONSIDERABLE
LEAD TIME.GARDNER

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